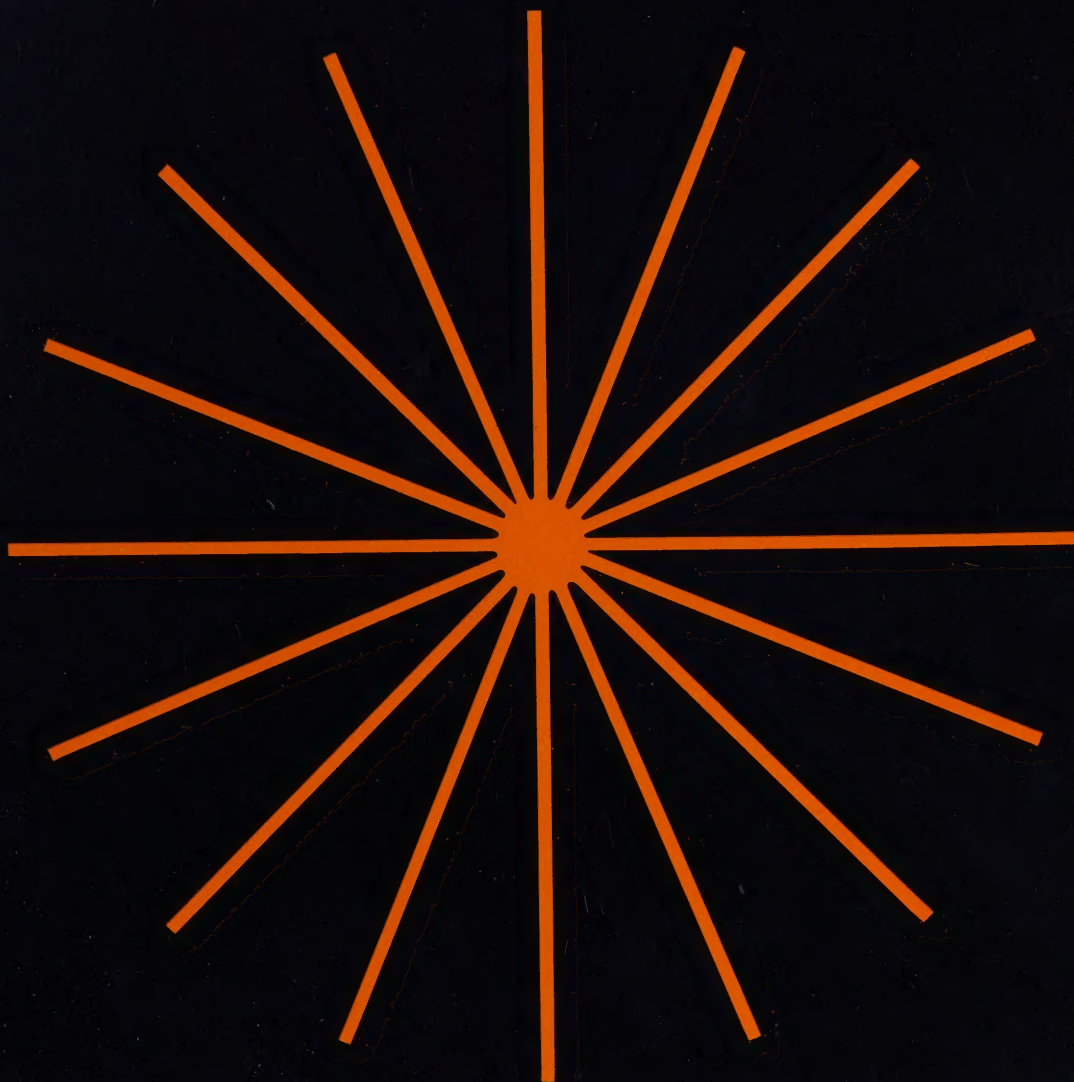


AR41

ANNUAL
REPORT
FOR THE
TWELVE MONTHS
ENDING
JANUARY 31, 1974

Dominion Citrus & Drugs Limited



Jack Austin Drugs Limited outlets are located in the Woolco Department Stores. Pictured below is one of the many new Woolco Stores designed to make shopping a pleasure. Surrounding each location are wide parking areas capable of accommodating upwards of 1000 cars.



COSMETICS



Dominion Citrus & Drugs Limited

and subsidiary companies

Directors

Jack Austin

Ben Blidner

Michael Blidner

Charles A. Cadieux

Maurice Cohen

Harold Hertzman

Harry Izen

Louis Kirshenblatt

Jack M. Roth

Harold Soupcoff

Louis E. Soupcoff

Jess Zelikovitz

Officers

Michael Blidner, *President*

Jack Austin, *Vice-President*

Harold Soupcoff, *Vice-President*

Louis E. Soupcoff, *Secretary-Treasurer*

Transfer Agent and Registrar

Guaranty Trust Company of Canada

Toronto, Ontario

Auditors

Starkman, Kraft, Rothman, Berger & Grill

Toronto, Ontario

Bankers

Canadian Imperial Bank of Commerce

Toronto, Ontario

Toronto-Dominion Bank

Toronto, Ontario

Head Office

Ontario Food Terminal

The Queensway

Toronto 18, Ontario

M8Y 1H8

Listed

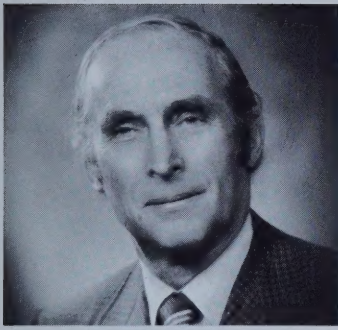
The Toronto Stock Exchange

Dominion Citrus & Drugs Limited

and subsidiary companies

HIGHLIGHTS

	<u>1973</u>	<u>1972</u>	<u>1971</u>	<u>1970</u>
	Consolidated	Consolidated	Consolidated	Consolidated
Sales	\$47,252,714	\$37,910,035	\$30,230,100	\$26,554,061
Earnings Before Income Taxes	1,714,730	1,328,300	1,256,670	1,011,709
Income taxes	849,891	628,143	641,870	529,804
Net Earnings	\$ 830,619	\$ 692,024	\$ 609,093	\$ 481,905
Number of Outlets	68	57	47	36
Earnings Per Share	95.1¢	79.6¢	70.9¢	56.3¢



Dear Shareholder :

Sales and Earnings for the twelve months ended January 31, 1974 were the highest in the history of the Company.

Since our inception we have been anxious to lay the groundwork for a solid foundation from which we could go forward in developing an organization which could and would grow with the expansion and population of our country.

We would like to report, that while we now have 68 outlets in Woolco and Woolworth Department Stores, this expansion program will continue, although we expect that this will take place at a less accelerated pace. In 1973 we opened 11 new stores, and following our established format, the opening expenses were written off entirely. We feel that our shareholders now have an investment in a very unique company which has opened 68 stores without deferring any of the expenses incurred in this undertaking.

The Produce Division results speak for themselves, and continued growth is expected in this division. Dominion Farm Produce and Skrows both made their contribution to the successful operation of this division.

Two tax-free dividends of 10¢ per share have been declared. The first dividend is payable July 15, 1974 to shareholders of record June 28th, and the second will be paid January 15, 1975 to shareholders of record December 28th, 1974.

Within this report we have provided the balance sheets and operational statements which are generally contained in our annual report.

However, there is one aspect of our balance sheet we feel is of such magnitude, that we are taking this opportunity of bringing it to the attention of each and every shareholder. This Asset is People. We feel that we are a people oriented company. Each and every employee, in his own way, made an individual contribution to making 1973 a successful year.

Therefore, on behalf of the Board of Directors, I extend our appreciation and sincere thanks for their efforts in the past and for the future of our company.

Yours truly,

M. BLIDNER, *President*

Dominion Citrus & Drugs Limited

and subsidiary companies

CONSOLIDATED BALANCE SHEET

as at January 31, 1974

(With comparative figures as at January 31, 1973)

ASSETS

	1974	1973
Current Assets		
Cash	\$ 117,333	\$ 33,429
Marketable securities, at cost (quoted market value – \$53,760; 1973 – \$65,800)	58,940	74,444
Accounts receivable	2,413,304	2,261,684
Merchandise inventory, at lower of cost or net realizable value – retail stores	6,495,369	5,363,863
– warehouses	1,772,707	1,003,257
Income taxes recoverable	—	25,411
Prepaid expenses	37,425	61,811
	<u>10,895,078</u>	<u>8,823,899</u>
Fixed Assets, at cost		
Land	32,199	29,842
Building	104,419	96,775
Plant and equipment	514,915	398,762
Mobile equipment	479,165	415,261
Leasehold improvements	97,913	75,167
	<u>1,228,611</u>	<u>1,015,807</u>
Less: Accumulated depreciation and amortization	574,496	462,353
	<u>654,115</u>	<u>553,454</u>
Other Assets, at cost		
Goodwill (Note 2)	171,000	171,000
	<u>\$11,720,193</u>	<u>\$ 9,548,353</u>

The accompanying notes form an integral part of these financial statements.

Approved on behalf of the Board of Directors:

M. BLIDNER, *Director*

J. AUSTIN, *Director*

To be read in conjunction with the Auditors' Report attached hereto dated March 12, 1974.

LIABILITIES AND SHAREHOLDERS' EQUITY

	<u>1974</u>	<u>1973</u>
Current Liabilities		
Bank indebtedness, secured by marketable securities and a general assignment of book debts	\$ 1,401,183	\$ 1,421,887
Accounts payable	5,761,994	4,966,547
Income taxes payable	<u>738,984</u>	<u>—</u>
	7,902,161	6,388,434
Minority Interest in Consolidated Subsidiary Company	<u>151,817</u>	<u>121,961</u>
Total Liabilities	<u>8,053,978</u>	<u>6,510,395</u>
 Shareholders' Equity		
Capital (Note 5)		
Authorized		
1,500,000 Shares without par value		
Issued and Fully Paid		
873,750 Shares (873,050 shares in 1973)	216,070	212,920
Retained Earnings	<u>3,450,145</u>	<u>2,825,038</u>
	<u>3,666,215</u>	<u>3,037,958</u>
	<u>\$11,720,193</u>	<u>\$ 9,548,353</u>

Dominion Citrus & Drugs Limited

and subsidiary companies

CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS

12 months ended January 31, 1974

(With comparative figures for the 12 months ended December 31, 1972) (Note 10)

	1974	1972
Sales	\$47,252,714	\$37,910,035
Earnings Before the Following Items	\$ 1,858,738	\$ 1,428,018
Depreciation and amortization (Note 6)	144,008	99,718
Earnings Before Income Taxes	1,714,730	1,328,300
Income taxes	849,891	628,142
Earnings Before Minority Interest	864,839	700,158
Minority interest in net earnings of subsidiary company	34,220	8,134
Net Earnings for Year	830,619	692,024
Retained Earnings – beginning of year	2,825,038	2,296,126
	3,655,657	2,988,150
Dividends (Note 9)	205,512	204,725
Retained Earnings – end of year	\$ 3,450,145	\$ 2,783,425
Earnings per Share (Note 8)	95.1¢	79.6¢
Average Number of Shares Outstanding	873,370	869,037

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	1974	1972
Source of Funds		
Net earnings for year	\$ 830,619	\$ 692,024
Add: Depreciation and amortization (Note 6)	144,008	99,718
	974,627	791,742
Exercise of employees' stock options (Note 5)	3,150	44,295
Minority interest in consolidated subsidiary company	29,856	5,280
	1,007,633	841,317
Application of Funds		
Dividends (Note 9)	205,512	204,725
Purchase of fixed assets	244,669	148,978
	450,181	353,703
Increase in Working Capital	557,452	487,614
Working Capital – beginning of year	2,435,465	2,094,624
Working Capital – end of year	\$ 2,992,917	\$ 2,582,238

The accompanying notes form an integral part of these financial statements.

AUDITORS' REPORT

*To the Shareholders of
Dominion Citrus & Drugs Ltd.*

We have examined the consolidated balance sheet of Dominion Citrus & Drugs Ltd. and its subsidiary companies as at January 31, 1974 and the consolidated statements of earnings and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at January 31, 1974 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

*Toronto, Ontario
March 12, 1974*

*Starkman, Kraft, Rothman, Berger & Grill
Chartered Accountants*

Dominion Citrus & Drugs Limited

and subsidiary companies

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 1974

1. Principles of Consolidation

The consolidated financial statements include the accounts of:

PRODUCE DIVISION

Dominion Citrus & Drugs Ltd.
Dominion Farm Produce Limited
Skrow's Produce (1971) Ltd.

DRUG DIVISION

Jack Austin Drugs Limited
Fern Distributors (Division of Jack Austin Drugs Limited)
Jack Austin Pharmacy (Alberta) Limited
Jack Austin Pharmacy (Saskatchewan) Limited
Cumberland Drugs Limited

As of January 31, 1974, the drug division operated 60 outlets in Woolco Department Stores and 7 outlets in Woolworth Department Stores. In addition to the above, the drug division also serviced 1 outlet in a Woolworth Department Store.

2. Goodwill

Goodwill is comprised as follows:

Goodwill of Skrow's Produce (1971) Ltd.	\$165,000
Excess of cost of investment in Cumberland Drugs Limited over book value of net assets acquired	6,000
	<u>\$171,000</u>

3. Commitments

- (a) The Company has contracted to lease its warehouse and office premises in the Ontario Food Terminal Building for a period of 30 years ending June 30, 1984 at an annual rental of \$13,650. The Company has the option to renew this lease for additional 30-year terms at a nominal rental of \$1.00 per annum plus 1% of the operating and

maintenance expenses of the building. The Company may terminate the lease or subsequent renewal at the expiration of either 10 or 20 years.

- (b) Effective September 1, 1971, the Company acquired 100% of the voting and 50% of the participating shares of Skrow's Produce (1971) Ltd., a produce distribution. The transaction was accounted for as a purchase. The Company has agreed to purchase the remaining 50% of the participating shares from the minority shareholders by December 31, 1978 at a price determined by a prescribed formula based upon the earnings of Skrow's Produce (1971) Ltd.
- (c) Under license agreements expiring from 1976 to 1983, the minimum total annual rentals payable by Jack Austin Drugs Limited amounts to approximately \$2,475,000 including certain occupancy costs but exclusive of additional rent payable based on a percentage of gross sales.
- (d) Under a lease expiring in 1988, the minimum annual rental payable by Jack Austin Drugs Limited for head office and warehouse facilities amounts to \$24,400 excluding certain occupancy costs.
- (e) Subsequent events include the opening of new drug stores which are in the normal course of business. It is management policy to write off the cost of new store openings in the year incurred.

4. Contingent Liabilities

The Company is contingently liable for:

- (a) Railway Guarantee Bonds in the amount of \$96,000.
- (b) Guarantees of leases of other companies expiring from 1981 to 1983 at total annual rentals of approximately \$40,500 excluding certain occupancy costs.

5. Employees' Stock Option Plan

	Outstanding February 1, 1973	Granted During Year	Exercised During Year	Terminations During Year	Outstanding January 31, 1974
\$ 4.50 per share expiring 1973	725		700	25	—
\$ 6.50 per share expiring 1976	8,820			820	8,000
\$ 8.50 per share expiring 1977	2,500			1,000	1,500
\$ 9.80 per share expiring 1977	2,000				2,000
\$10.80 per share expiring 1977	500				500
\$ 7.00 per share expiring 1978		5,000			5,000
\$ 9.00 per share expiring 1978		15,000			15,000

6. Depreciation and Amortization

Depreciation and amortization have been computed in accordance with the normal maximum capital cost allowance rates allowed by the Income Tax Act.

7. Directors' and Senior Officers' Remuneration

Total remuneration paid or payable during the period to directors and senior officers as defined by The Business Corporations Act, 1970 (Ontario) amounted to \$235,404 (1972 – \$231,858).

8. Fully Diluted Earnings Per Share

Adjusting for employees' stock options has no material effect on the earnings per share figures.

9. Dividends

During the year ended January 31, 1974, the Company paid tax free dividends to its shareholders pursuant to Subsections 196(1) and 83(1) of the Income Tax Act. The total distribution amounted to \$205,512 of which \$30,827 represented taxes paid and \$174,685 represented the tax free dividends to shareholders.

10. Change of Fiscal Year-End

The companies changed their fiscal year-ends from December 31 to January 31 commencing January 31, 1973 and accordingly, comparative figures for the year ended January 31, 1973 are not available. As an alternative, the figures for the year ended December 31, 1972 are presented herein.

Dominion Citrus & Drugs Limited

and subsidiary companies

FINANCIAL RECORD

	1974 (Note 1)			1972		
	Produce Division	Drug Division	Consolidated	Produce Division	Drug Division	Con
SALES	\$18,936,728	\$28,315,986	\$47,252,714	\$16,114,308	\$21,795,727	\$37
EARNINGS BEFORE INCOME TAXES AND MINORITY INTEREST	\$ 848,691	\$ 866,039	\$ 1,714,730	\$ 701,987	\$ 626,313	\$ 1
Income taxes	424,118	425,773	849,891	341,232	286,911	
Minority interest	34,220	—	34,220	8,133	—	
NET EARNINGS	\$ 390,353	\$ 440,266	\$ 830,619	\$ 352,622	\$ 339,402	\$
NUMBER OF OUTLETS (Note 3)		68			57	
OPERATED						
—Woolco Department Stores		60			49	
—Woolworth Department Stores		7			7	
SERVICED						
—Woolworth Department Stores		1			1	
EARNINGS PER SHARE (Note 2)			95.1¢			

Note 1.

The companies have changed their fiscal year-ends from December 31 to January 31 commencing January 31, 1973 and, accordingly, the figures for 1974 cover the year ended January 31, 1974. For the month of January, 1973 the consolidated sales were \$3,241,031 and consolidated net earnings were \$41,613 (4.8¢ per share).

Note 2.

At January 31, 1974, 873,750 shares and options to purchase 32,000 shares were outstanding.

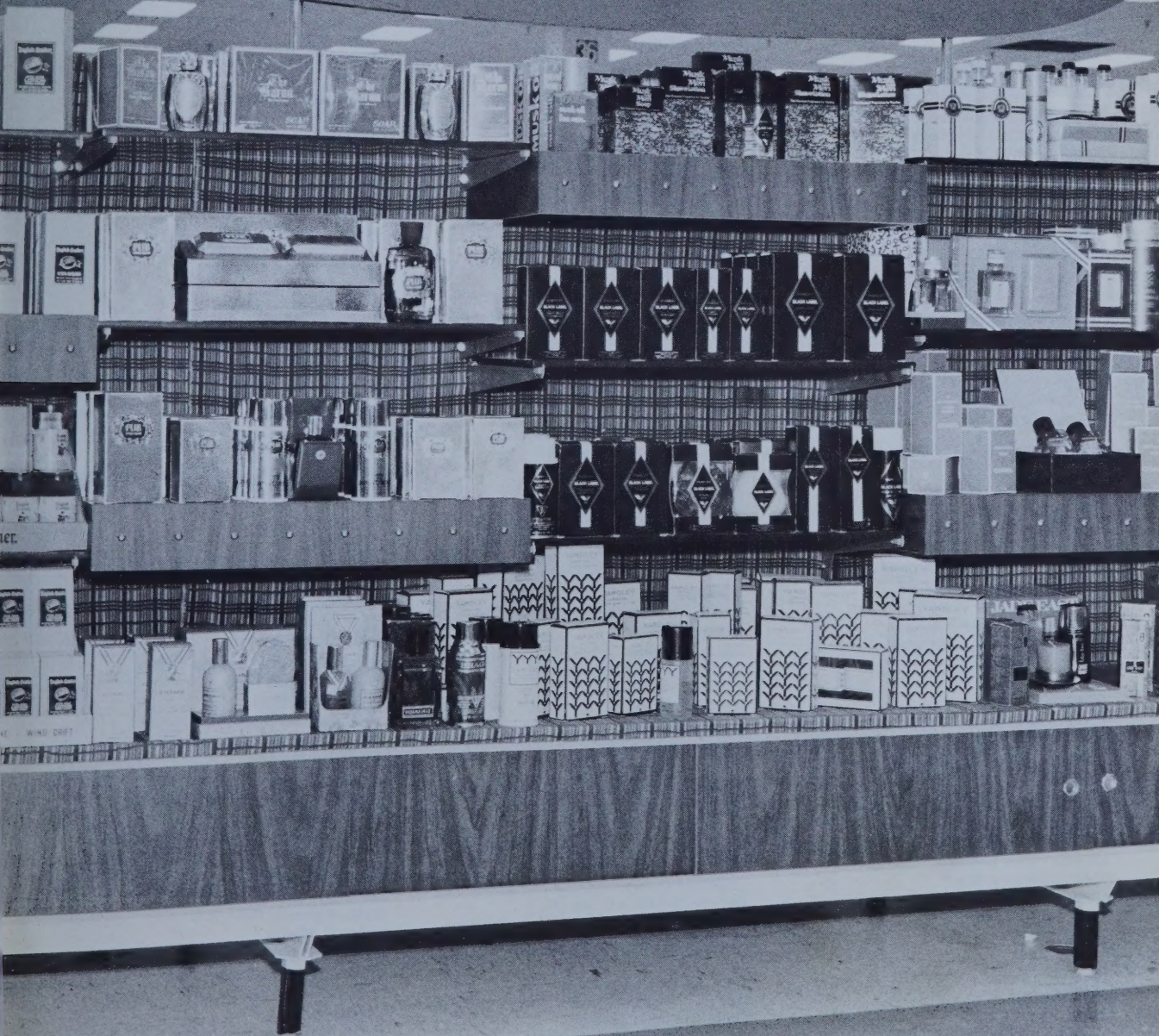
Note 3.

The sales for the drug division do not include the sales of the outlets serviced for Woolworth Department Stores. During 1972, five of the serviced outlets were transferred to the drug division's operations.

1971			1970			1969		
Produce Division	Drug Division	Consolidated	Produce Division	Drug Division	Consolidated	Produce Division	Drug Division	Consolidated
\$13,921,907	\$16,308,193	\$30,230,100	\$12,500,244	\$14,053,817	\$26,554,061	\$12,974,203	\$11,203,213	\$24,177,416
/ \$ 628,488	\$ 628,182	\$ 1,256,670	\$ 480,459	\$ 531,250	\$ 1,011,709	\$ 478,420	\$ 434,635	\$ 913,055
319,064	322,806	641,870	250,839	278,965	529,804	242,389	226,690	469,079
5,707	—	5,707	—	—	—	—	—	—
\$ 303,717	\$ 305,376	\$ 609,093	\$ 229,620	\$ 252,285	\$ 481,905	\$ 236,031	\$ 207,945	\$ 443,976
	<u>47</u>			<u>36</u>			<u>26</u>	
	<u>40</u>			<u>34</u>				
	<u>1</u>							
	<u>6</u>			<u>2</u>				
		<u>70.9¢</u>			<u>56.3¢</u>			<u>51.9¢</u>



THE MALE LOOK



Dominion Citrus & Drugs Limited

and subsidiary companies

Ontario Stores (Woolco)

St. George Road and Highway 24,
Brantford, Ontario
Hamilton Mountain Shopping Centre,
Upper James and Fennell Streets,
Hamilton, Ontario
New Sudbury Shopping Centre,
Barrydowne and LaSalles Boulevard,
Sudbury, Ontario
Gateway Shopping Plaza,
Dougall Road,
Windsor 22, Ontario
345 Queen Street East,
Sault Ste. Marie, Ontario
Argyle Shopping Mall,
1925 Dundas Street East,
London, Ontario
Agincourt Shopping Mall,
3850 Sheppard Avenue East,
Agincourt, Ontario
2295 Sheppard Avenue West,
Weston, Ontario
Fairview Park Shopping Centre,
Kitchener, Ontario
Frontenac Mall Shopping Centre,
R.R. #7 Kingston, Ontario
1950 Lauzon Road,
Windsor 17, Ontario
Brookdale Avenue and 7th Street,
Cornwall, Ontario
Lincoln Mall Shopping Centre,
549 Welland Avenue,
St. Catharines, Ontario
Crossroads Shopping Centre,
Highway #2 and Thickson Road,
Whitby, Ontario
Lambton Mall Shopping Centre,
London Road,
Sarnia Township, Ontario
North Park Shopping Centre,
1305 Lawrence Avenue West,
Toronto 15, Ontario
Oakridge Mall,
1201 Oxford Street West,
London, Ontario
White Oaks Mall,
1105 Wellington Road South,
London, Ontario
Grey County Mall Shopping Centre,
Highway #21,
Owen Sound, Ontario
Lincoln Fields Shopping Centre,
1350 Richmond Road,
Ottawa, Ontario
Eastgate Mall,
75 Centennial Parkway,
Stoney Creek, Ontario
1000 Island Mall,
Parkdale Ave. & Windsor Drive,
Brockville, Ontario
Square One Shopping Centre,
100 City Centre Drive,
Mississauga, Ontario
Honeydale Mall,
5555K Dundas Street West,
Etobicoke, Ontario

Chatham Place,
801 St. Clair Street Extension,
Chatham, Ontario
Dufferin Mall,
900 Dufferin Street,
Toronto, Ontario

Ontario Stores (Woolworth)

25 – 1st Street,
Collingwood, Ontario
80 – 96 Main Street,
Galt, Ontario
Mississauga and Andrew Streets,
Orillia, Ontario
56 – 76 Bayfield Street,
Barrie, Ontario
173 – 81 Colborne Street,
Brantford, Ontario
180 Prince Street,
Pembroke, Ontario

Quebec Stores (Woolco)

Granby Plaza,
St. James and St. Charles Streets,
Granby, Quebec
Taschereau Shopping Centre,
7200 Taschereau Boulevard,
Brossard, Quebec
20 East Trans-Canada Road,
Levis, Quebec
LeCavalier Shopping Centre,
8248 Champlain Boulevard,
LaSalle, Quebec
Rock Forest Shopping Centre,
2000 Bourque Boulevard R.R. #1,
Rock Forest (Sherbrooke), Quebec
1660 LeCorbusier Boulevard,
Laval (Montreal), Quebec
Kirkland Plaza,
17101 Ste. Mary's Road,
Kirkland, Quebec
Centre Langelier,
7445 Langelier Boulevard,
St. Leonard, Quebec
Centre St. Anne,
2960 Boulevard, Ste. Anne,
Giffard, 51, Quebec
Centre De'Achats Centreville,
1999 Rolland Therrien Boulevard,
Longueuil (Met.), Quebec
Trois Rivières Shopping Centre,
Roual Boulevard and Laurentian Streets,
Trois Rivières, Quebec
LeGalerie Du Cap and Barkoff Street,
Cap-de-Madeleine, Quebec
Tracy Plaza,
De La Marie Boulevard, The Autoroute,
Tracy, Quebec
Les Galeries Drummond,
365 St. Joseph Boulevard & Marier Street,
Drummondville, Quebec
Centre Valleyfield,
30 Dufferin Road,
Valleyfield, Quebec
Le Bazar Shopping Centre,
3750 Cote Vertu,
Ville St. Laurent, Quebec

Les Galeries Richelieu,
978 Boulevard Du Seminaire
St. Jean, Quebec

Place Du Royaume Shopping Centre,
1451 Boulevard Talbot,
Chicoutimi, Quebec

Saskatchewan Stores (Woolco)

353 North Albert Street,
Regina, Saskatchewan
South Hill Shoppers Mall,
299 – 2nd Avenue West,
Prince Albert, Saskatchewan
Towne & Country Mall,
1235 Main Street North,
Moose Jaw, Saskatchewan
300 Confederation Park,
Saskatoon, Saskatchewan

Manitoba Stores (Woolco)

Crossroads Shopping Centre,
1580 Regent Avenue West,
Transcona 25, Manitoba
Grant Park Plaza,
1080 Grant Avenue,
Winnipeg 9, Manitoba
Brandon Shoppers Mall,
1440 – 18th Street,
Brandon, Manitoba

Manitoba Store (Woolworth)

City Centre Mall,
Mystery Lake Road and Thompson Drive,
Thompson, Manitoba

Alberta Stores (Woolco)

37th Street and 12th Avenue, S.W.,
Calgary, Alberta
#1 Capilano Shopping Mall,
98th Avenue and Terrace Road,
Edmonton, Alberta
MacLeod Mall Shopping Centre,
9650 MacLeod Trail,
Calgary, Alberta
Parkland Mall Shopping Centre,
6375 – 50th Avenue,
Red Deer, Alberta
Centennial Village Shopping Centre,
170th Street and Stoney Plain Road,
Edmonton, Alberta
College Mall Shopping Centre,
Mayor Magrath Drive and 20th Avenue,
Lethbridge, Alberta
Marlborough Mall,
3835 Memorial Drive N.E.,
Calgary, Alberta
Northland Village Shopping Centre,
5111 – 37th Street N.W.,
Calgary 48, Alberta
Londonderry Mall,
137th Avenue & 66th Street,
Edmonton, Alberta

Alberta Store (Woolworth)

450 – 3rd Street, S.E.,
Medicine Hat, Alberta

